

WEST IRON COUNTY FIRE BOARD

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Financial Report  
With Supplemental Information  
Prepared in Accordance with GASB 34

MARCH 31, 2004

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name <b>WEST IRON COUNTY FIRE BOARD</b>	County <b>IRON</b>
Audit Date <b>MARCH 31, 2004</b>	Opinion Date <b>JUNE 23, 2004</b>	Date Accountant Report Submitted to State: <b>OCTOBER 19, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

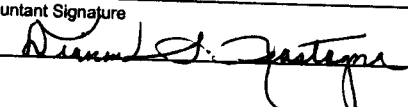
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

## We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).			<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).			<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) <b>DS ROSTAGNO, CPA, P.C.</b>			
Street Address <b>101 WEST MAPLE STREET</b>		City <b>IRON RIVER</b>	State <b>MI</b>
Accountant Signature 		ZIP <b>49935</b>	Date <b>OCTOBER 19, 2004</b>

## TABLE OF CONTENTS

<b>Report Letter</b>	<b>Page</b>
	3-4
<b>Management's Discussion and Analysis</b>	5-12
<b>Basic Financial Statements</b>	
District-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of Balance Sheet of Governmental Funds to Net Assets	16
Statement of Revenue, Expenditures, and Changes in Fund Balances	17
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Assets - Component Units	19
Statement of Activities - Component Units	20
<b>Notes to the Financial Statements</b>	21-64
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule - General Fund	65
Budgetary Comparison Schedule - Debt Service Fund	66
<b>Other Supplementary Information</b>	
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types	67
Balance Sheet - General Fund	68
Statement of Revenue - Actual and Budget - General Fund	69
Statement of Expenditures - Actual and Budget - General Fund	70-71
Balance Sheet - Debt Service Fund	72
Statement of Expenditures and Changes in Fund Balance - Actual and Budget - Debt Service Fund	73
Statement of Revenues, Expenditures, and Changes in Fund Balance - Discretely Presented Component Unit	74
<b>Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance with Government Auditing Standards</b>	75-76

**INDEPENDENT AUDITOR'S REPORT**

# **DS Rostagno, CPA, P.C.**

**101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042**

Board of Directors  
**West Iron County Fire Board**  
Iron River, Michigan 49935

## **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of the **West Iron County Fire Board**, as of and for the year ended March 31, 2004, which collectively comprise the Fire Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Fire Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Board of Trustees, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

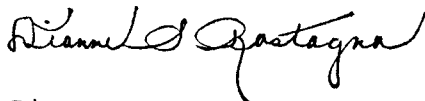
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of governmental activities and each major fund of the **West Iron County Fire Board** at March 31, 2004, and the respective changes in financial position thereof for the fiscal year ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note A, the **West Iron County Fire Board** has implemented a new financial reporting model, as required by the provisions of GASB 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 01, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2004 on our consideration of the **West Iron County Fire Board's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 5 through 12 and the budgetary comparison information are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board and by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of the inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **West Iron County Fire Board's** basic financial statements. The combining and individual fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 23, 2004

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# WEST IRON COUNTY FIRE BOARD

P.O. Box 203  
Iron River, Michigan 49935

The management of the **West Iron County Fire Board** provides this narrative overview and analysis of the financial activities of the **West Iron County Fire Board** for the fiscal year ended March 31, 2004. As readers, you are encouraged to read this discussion and analysis in conjunction with the Fire Board's financial statement information included in this report.

## *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the Fire Board's basic financial statements. The financial section of this report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

## *Government-wide financial statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Fire Board's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Fire Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Fire Board is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements include not only the Fire Board itself (known as the primary government), but also the following legally separate component unit for which the Fire Board is financially accountable - the *West Iron County Volunteer Fire Department*. Financial information for this component unit is reported separately from the financial information presented for the primary government.



# WEST IRON COUNTY FIRE BOARD

P.O. Box 203  
Iron River, Michigan 49935

## *Fund Financial Statements*

The Fire Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Fire Board are governmental funds.

## *Governmental Funds*

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Fire Board's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements and the fund financial statements is included as part of the basic financial statements.

The Fire Board maintains two governmental funds. Information is presented separately in the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and debt service fund, both of which are considered major funds.

The Fire Board adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund, and is included in the "Required Supplementary Information" section of this document.

# WEST IRON COUNTY FIRE BOARD

P.O. Box 203  
Iron River, Michigan 49935

## *Notes to the Financial Statements*

Notes to the financial statements are included in the basic financial statements, and provide additional information that is essential for a full understanding of the data provided in the government-wide and the fund financial statements.

## *Supplementary Information*

Required supplementary information follows the basic financial statements, and includes budgetary comparison schedules for the General Fund as presented in the governmental fund financial statements.

## *Government-wide Financial Analysis*

In time, net assets of a governmental entity may serve as a useful indicator of the government's financial position. In the case of the Fire Board, assets exceeded liabilities by \$ 441,610 at March 31.

By far, the largest portion of the Fire Board's net assets is its investment in capital assets (land, buildings, machinery, and equipment), less any outstanding debt related to acquiring the asset. These capital assets are used to provide services to citizens and are not available for future spending. Although the Fire Board's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At March 31, 2004, the Fire Board reported \$ 349,366 in net assets invested in capital assets net of related debt.

## *Summary of Net Assets*

In a condensed format, the following is a summary of the Fire Board's net assets at fiscal year-ended March 31, 2004. Although GASB 34 requires that comparative financial data be presented, since this is the first year of implementation, prior year data is not yet available. Comparative financial data will be included in subsequent years.

# WEST IRON COUNTY FIRE BOARD

P.O. Box 203  
Iron River, Michigan 49935

## *Government-wide Financial Analysis (Continued)*

### **Summary of Net Assets (Continued)**

	<b><u>Governmental Activities</u></b>
<b><u>Assets</u></b>	
Current and other assets	\$ 92244
Capital assets, net	<u>370118</u>
<b>Total Assets</b>	<b>462362</b>
 <b><u>Liabilities</u></b>	
Long-term liabilities	\$ 8833
Other liabilities	<u>11919</u>
<b>Total Liabilities</b>	<b>20752</b>
 <b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	349366
Restricted	0
Unrestricted	<u>92244</u>
<b>Total Net Assets</b>	<b>\$ 441610</b>

For governmental activities, net assets increased by \$ 49,478 during the year.

The following represents the change in net assets for the Fire Board's governmental funds for the fiscal year ended March 31, 2004. (Please note that since this is the first year of implementation of GASB 34, prior year financial data is not available, but will be provided in subsequent years).

# WEST IRON COUNTY FIRE BOARD

P.O. Box 203  
Iron River, Michigan 49935

## *Government-wide Financial Analysis (Continued)*

### **Summary of Net Assets (Continued)**

	<b><u>Governmental Activities</u></b>
<b><u>REVENUES</u></b>	
<b><i>Program Revenues</i></b>	
Charges for services	\$ 15407
Operating grants and contributions	120046
Capital grants and contributions	<u>0</u>
	135453
<b><i>General Revenues</i></b>	
Investment earnings	3219
Other	<u>1673</u>
	4892
<b>Total Revenues</b>	<b>140345</b>
<b><u>EXPENSES</u></b>	
Administration	\$ 9154
Fire Protection	54579
Debt Service	0
Interest and fees	1503
Depreciation	<u>25631</u>
<b>Total governmental expenses</b>	<b>90867</b>
Increase (Decrease) in Net Assets	49478
Net Assets, Beginning of Year	<u>392132</u>
Net Assets, End of Year	\$ <u><u>441610</u></u>

### **Governmental Activities**

Operating grants and contributions were \$ 120,046, or approximately 85.5 percent of total governmental revenues.

# **WEST IRON COUNTY FIRE BOARD**

P.O. Box 203  
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## **Governmental Activities (Continued)**

These grants consisted of a Domestic Preparedness Grant in the amount of \$ 6,657, and a Homeland Security Grant for \$ 4,990, both received from the State of Michigan, and \$ 32,400 from FEMA, a direct federal grant. A total of \$ 76,000 was received from assessments from participating local units of government.

The Fire Board expended \$ 90,867 on governmental programs and services. The largest expense category was incurred for fire protection, which totaled \$ 54,579, or approximately 60 percent of total expenditures. Of this amount, \$ 16,804 was paid for contract services and standby fees.

Costs incurred for capital outlay amounted to \$ 47,305, or approximately 35 percent of total expenditures on the fund financial statements.

## ***Financial Analysis of the Governmental Funds***

As previously noted, the Fire Board uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

## **Governmental Funds**

The focus of the Fire Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Fire Board's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The Fire Board's governmental funds reported combined ending fund balances of \$ 92,244 of which all is unreserved and is available for spending at the government's discretion.

The Fire Board's primary governmental fund is its general fund. There are no reservations in the general fund's fund balance.

# WEST IRON COUNTY FIRE BOARD

P.O. Box 203  
Iron River, Michigan 49935

## **Governmental Funds (Continued)**

On the budgetary basis of accounting, the Fire Board ended the fiscal year with revenues slightly lower than the final projection. Total expenditures were slightly lower than the final projection. At fiscal year end, the fund balance was higher than either the original or the final amended budget projections.

General fund financial and budgetary highlights of the fiscal year include:

- \* Fire service revenue exceeded budgetary projections by \$ 3,407.
- \* Other revenue was down significantly from the initial and final amended budget, coming in at only \$ 1,673, which is a significant drop from the budgeted estimates of \$ 10,000.
- \* Expenditures in total for the general fund were \$ 16,862 less than the final amended budget of \$ 127,900. This was due to capital outlay of \$ 47,305, compared to the final budgeted amount of \$ 63,650, which had been amended considerably from the original budgeted amount of \$ 17,000.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

The Fire Board's investment in capital assets, net of accumulated depreciation, for its governmental activities as of March 31, 2004 is \$ 370,118. The investment in capital assets includes land, buildings, fire and truck equipment, protective gear, communications equipment, and other safety equipment.

There were no major capital events during the fiscal year ended March 31, 2004.

### ***Long-term debt***

As of March 31, 2004, the Fire Board had total debt outstanding of \$ 20,752. Of this amount, \$ 8,833 is due and payable within the next 12 months.

# **WEST IRON COUNTY FIRE BOARD**

P.O. Box 203  
Iron River, Michigan 49935

## **Priorities and Accomplishments**

The following areas highlight the Fire Board's priorities and accomplishments:

The first and foremost priority of the **West Iron County Fire Board** is to provide fire protection to area residents at a reasonable cost, while equipping the volunteers with adequate tools and equipment to assure their safety. With the help of grants and annual payments by the participating local units of government, the Fire Board has been able to keep this equipment up to date. One of the major recent accomplishments was the purchase of a new tanker truck, the loan for which is being paid off in a timely manner.

Future plans include the replacement of an older pumper truck, as well as the continuous replacement of other equipment as needed.

## **Requests for Information**

This financial report is designed to provide a general overview of the Fire Board's finances for all those with an interest in the Fire Board's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

**West Iron County Fire Board**  
P.O. Box 203  
Iron River, Michigan 49935

**BASIC FINANCIAL STATEMENTS**



**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF NET ASSETS**

MARCH 31, 2004

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNITS</u>	<u>REPORTING ENTITY TOTALS</u>
<b><u>ASSETS</u></b>			
<b><u>Current Assets</u></b>			
Cash and Cash Equivalents (Note C)	\$ 82172	\$ 25743	\$ 107915
Accounts Receivable	<u>10072</u>	<u>0</u>	<u>10072</u>
<b>Total Current Assets</b>	<b>92244</b>	<b>25743</b>	<b>117987</b>
<b><u>Noncurrent Assets</u></b>			
Capital Assets, Net (Note H)	<u>370118</u>	<u>0</u>	<u>370118</u>
<b>Total Noncurrent Assets</b>	<b>370118</b>	<b>0</b>	<b>370118</b>
<b>TOTAL ASSETS</b>	<b>462362</b>	<b>25743</b>	<b>488105</b>
<b><u>LIABILITIES</u></b>			
<b><u>Current Liabilities</u></b>			
Accounts Payable	0	0	0
Bonds/Notes Payable, Due within one year (Note I)	<u>11919</u>	<u>0</u>	<u>11919</u>
<b>Total Current Liabilities</b>	<b>11919</b>	<b>0</b>	<b>11919</b>
<b><u>Non-current Liabilities</u></b>			
Bonds/Notes Payable (Note I)	<u>8833</u>	<u>0</u>	<u>8833</u>
<b>Total Non-current Liabilities</b>	<b>8833</b>	<b>0</b>	<b>8833</b>
<b>TOTAL LIABILITIES</b>	<b>20752</b>	<b>0</b>	<b>20752</b>
<b><u>NET ASSETS</u></b>			
Invested in Capital Assets, Net of Related Debt	349366	0	349366
Restricted for Debt Services	0	0	0
Unrestricted	<u>92244</u>	<u>25743</u>	<u>117987</u>
<b>TOTAL NET ASSETS</b>	<b>\$ 441610</b>	<b>\$ 25743</b>	<b>\$ 467353</b>

The notes to the financial statements are integral part of this report.

**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF ACTIVITIES**

YEAR ENDED MARCH 31, 2004

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	
		<u>CHARGES FOR SERVICE</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>
Primary Government -			
Public Safety	\$	\$	\$
Administration	9154		
Fire Protection	54579	15407	120046
Interest on Long-Term Debt	1503		
Depreciation (Unallocated)	<u>25631</u>		
Total Governmental Activities	90867	15407	120046
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 90867</b>	<b>\$ 15407</b>	<b>\$ 120046</b>
Component Units			
West Iron County Volunteer			
Fire Department	<u>38626</u>	<u>15804</u>	<u>60</u>
Total Component Units	<b>\$ 38626</b>	<b>\$ 15804</b>	<b>\$ 60</b>

General Revenues:  
Miscellaneous Refunds/Rebates  
Interest and Investment Earnings  
Fund Raising

**Total General Revenues**

**CHANGE IN NET ASSETS**

**NET ASSETS - BEGINNING OF YEAR**

**NET ASSETS - END OF YEAR**

**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF ACTIVITIES**

YEAR ENDED MARCH 31, 2004

**NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS**

<u>GOVERNMENTAL ACTIVITIES</u>	<u>COMPONENT UNITS</u>
\$	\$
(9154)	
80874	
(1503)	
<u>(25631)</u>	
44586	-0-
\$ 44586	\$ -0-
<u>          </u>	<u>(22762)</u>
\$ -0-	\$ (22762)
1673	0
3219	379
<u>          </u>	<u>25900</u>
4892	<u>26279</u>
49478	3517
392132	22226
\$ <u>441610</u>	\$ <u>25743</u>

The notes to the financial statements are an integral part of this report.

**WEST IRON COUNTY FIRE BOARD**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

MARCH 31, 2004

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>			
Cash and Investments (Note C)	\$ 82172	\$ 0	\$ 82172
Accounts Receivable	<u>10072</u>	<u>0</u>	<u>10072</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>92244</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>92244</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b><u>LIABILITIES</u></b>			
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>FUND BALANCES</u></b>			
Reserved for Debt Service	0	0	0
Unreserved and undesignated	<u>92244</u>	<u>0</u>	<u>92244</u>
<b>TOTAL FUND BALANCES</b>	<b>92244</b>	<b>0</b>	<b>92244</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ <u>92244</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>92244</u></b>

The notes to the financial statements are integral part of this report.

**WEST IRON COUNTY FIRE BOARD**

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS  
GOVERNMENTAL FUNDS**

MARCH 31, 2004

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS

\$ 92244

Amounts reported for governmental activities in the  
statement of net assets are different because:

Capital assets used in governmental activities  
are not financial resources and are not  
reported in the funds.

The cost of capital assets is:

Accumulated depreciation is:

609656  
(239538)

Long-term liabilities are not due and payable  
in the current period and are not reported  
in the funds:

Bonds Payable

(20752)

Other long-term assets not payable to pay  
current period expenditures therefore  
deferred in the funds

0

Accrued interest is not included as a liability  
in governmental funds

0

Amounts due to other non-governmental funds are  
not reported in the government-wide financial  
statements

0

Total Net Assets - Governmental Activities

\$ 441610

The notes to the financial statements are an integral part of this report.

**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

MARCH 31, 2004

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>REVENUE</u></b>			
Local Unit Assessments	\$ 76000	\$ 0	\$ 76000
Use of money and property	3219		3219
Miscellaneous	17080		17080
Intergovernmental	<u>44046</u>	<u>0</u>	<u>44046</u>
<b>TOTAL REVENUE</b>	<b>\$ 140345</b>	<b>\$ 0</b>	<b>\$ 140345</b>
<b><u>EXPENDITURES</u></b>			
Current Operating			
Public Safety	54579		54579
Administration	9154		9154
Debt Service			
Principal		22497	22497
Interest and Fees		1503	1503
Capital Outlay	<u>47305</u>	<u>0</u>	<u>47305</u>
<b>TOTAL EXPENDITURES</b>	<b>111038</b>	<b>24000</b>	<b>135038</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>29307</b>	<b>(24000)</b>	<b>5307</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	0	24000	24000
Operating transfers out	<u>(24000)</u>	<u>0</u>	<u>(24000)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(24000)</b>	<b>24000</b>	<b>0</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5307</b>	<b>0</b>	<b>5307</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b><u>86937</u></b>	<b><u>0</u></b>	<b><u>86937</u></b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ <u><u>92244</u></u></b>	<b>\$ <u><u>0</u></u></b>	<b>\$ <u><u>92244</u></u></b>

The notes to the financial statements are an integral part of this report.

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2004

Amounts reported for governmental activities in the statement of activities are different because:

21674

0

0

22497

0

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD

STATEMENT OF NET ASSETS  
COMPONENT UNITS

MARCH 31, 2004

	WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT
<b><u>ASSETS</u></b>	
Current Assets	
Cash and Cash Equivalents	\$ 25743
Total Current Assets	25743
<b>TOTAL ASSETS</b>	<b>\$ 25743</b>
<b><u>LIABILITIES</u></b>	
Current Liabilities	
Accounts Payable	0
Total Current Liabilities	0
<b>TOTAL LIABILITIES</b>	<b>\$ 0</b>
<b><u>NET ASSETS</u></b>	
Invested in Capital Assets, Net of Related Debt	0
Unrestricted Net Assets	25743
<b>TOTAL NET ASSETS</b>	<b>\$ 25746</b>

The notes to the financial statements are an integral part of this report.



**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF ACTIVITIES  
COMPONENT UNITS**

YEAR ENDED MARCH 31, 2004

	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS</u>
WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT	\$	\$	\$	\$
	<u>38626</u>	<u>15804</u>	<u>60</u>	<u>(22762)</u>
Total	38626	15804	60	(22762)
<u>General Revenues:</u>				
Fund Raising				25900
Interest and Investment earnings				379
Miscellaneous				<u>0</u>
Total General Revenues				<u>26279</u>
CHANGE IN NET ASSETS				3517
NET ASSETS - BEGINNING OF YEAR				<u>22226</u>
NET ASSETS - END OF YEAR				\$ <u><u>25743</u></u>

The notes to the financial statements are an integral part of this report.

**NOTES TO THE FINANCIAL  
STATEMENTS**

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting methods and procedures adopted by the **West Iron County Fire Board**, Iron River, Michigan, conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies:

**THE FINANCIAL REPORTING ENTITY**

The **West Iron County Fire Board** was organized in 1987 and provides fire protection for Iron River, Bates and Stambaugh Townships, and the City of Iron River, Iron County, Michigan. The Board operates under an appointed board of commissioners (9 people) and provides fire protection services to more than 4500 residents.

The criteria established by GASB Statement 14, The Financial Reporting Entity, is used to determine the primary government unit and the component units to be included in the financial reporting entity. This Statement describes the characteristics of a primary government unit, which includes a separately elected governing board, legally separate government possessing corporate power and separate legal standing, and fiscal independence.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**THE FINANCIAL REPORTING ENTITY (Continued)**

On this basis, the financial statements of the *West Iron County Volunteer Fire Department* are included in the financial statements of the **West Iron County Fire Board** as a discretely presented component unit.

**WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT**

The *West Iron County Volunteer Fire Department* was organized in 1987 and consists of volunteer fire fighters from the City of Iron River and the townships of Bates, Iron River, and Stambaugh. The purpose of the organization is to preserve and protect all life and property as declared by the **West Iron County Fire Board**.

The officers, elected by a plurality of votes of members present at the annual meeting consist of a Chief, Assistant Chief, First Captain, Second Captain, Training Officer, and Secretary/Treasurer.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BLENDED COMPONENT UNITS

A blended component unit is a legally separate entity from the local unit, but is so intertwined with the local unit that it is, in substance, the same as the local governmental unit.

A basic strategy of GASB 14 is to present financial information for component units separately from the financial information for the primary government.

This is achieved through the discrete presentation method. However, in the case of blended component units, GASB believes that it would be more appropriate to use the blending method to incorporate the financial information of a component unit into the reporting entity's financial statements.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BLENDED COMPONENT UNITS (Continued)**

When the blending method is used, transactions and balances of a component unit are merged with similar transactions and balances of the primary government so that there is no way to identify which balances relate to the component unit and which relate to the primary government.

**JOINT VENTURES**

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain an ongoing financial interest or an ongoing financial responsibility.

An ongoing financial responsibility is determined as a participating government's obligation in some manner for debts or the joint venture's existence depends on continued funding by the participating government.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**JOINT VENTURES (Continued)**

There are no joint ventures to be reported.

**JOINTLY GOVERNED ORGANIZATIONS**

A jointly governed organization is a multigovernmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility.

There are no jointly governed organizations to be reported.

**RELATED ORGANIZATIONS**

A related organization is an organization for which a primary government is not financially accountable (because it does not impose will or have a financial benefit or burden relations) even though the primary government appoints a voting majority of the organization's governing board.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RELATED ORGANIZATIONS (Continued)

There are no related organizations to be reported.

BASIS OF PRESENTATION

The Fire Board follows GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 adds the following components to the financial statements:

*Management's Discussion and Analysis*

A narrative introduction and analytical overview of the government's financial activities. This analysis is similar to analysis the private sector provides in their annual reports.

*Government-wide financial statements*

These include financial statements prepared using full accrual accounting for all of the government's activities.



WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

*Government-wide financial statements  
(Continued)*

This approach includes not just current assets and liabilities (such as cash and accounts payable) but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Annual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter. The government-wide statements include the Statement of Net Assets and the Statement of Program Activities.

*Statement of Net Assets*

The Statement of Net Assets displays the financial position of the primary government (government and business-type activities) and its discretely presented component units.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

***Statement of Net Assets (Continued)***

Governments report all capital assets, including infrastructure, in the government-wide Statement of Net Assets and report depreciation expenses - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government are broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

***Statement of Program Activities***

The statement of program activities reports expenses and revenues in a format that focuses on the cost of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

*Budgetary comparison schedules*

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. The Fire Board and many other governments revise their original budgets over the course of the year for a variety of reasons.

As required by accounting principles generally accepted in the United States of America, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

*Budgetary comparison schedules (Continued)*

Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. the discretely presented component units are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each discretely presented component unit has a December 31 fiscal year-end.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the Fire Board as a whole) and fund financial statements. The reporting model focus is on both the Fire Board as a whole and the fund financial statements, including the major individual funds of the governmental categories.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as governmental. In the government-wide Statement of Net Assets, the governmental column (a) is presented, and (b) is reflected, on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations. Both government-wide and fund financial statement presentations provide valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the financial information. The Fire Board generally uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

The Fire Board may defer the use of restricted assets based on a review of the specific transaction.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (public safety) that is otherwise being supported by general government revenues (Interest and Investment earnings). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions.

The program revenues must be directly associated with the function (public safety).

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

Program revenues include 1) charges to customers for fire protection and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function of segment. Other items not properly included among program revenues are reported as general revenues. The Fire Board does not allocate indirect expenses. When applicable, the operating grants and contributions column includes operating-specific and discretionary (either operating or capital) grants while the capital grants and contributions column reflects capital-specific grants.

In the fund financial statements, financial transactions and accounts of the Fire Board are organized on the basis of funds.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**BASIS OF PRESENTATION (Continued)**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)**

The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resource and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted.



WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

BASIS OF PRESENTATION (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental activities column of the government-wide financial statements.

The following is a brief description of the specific funds used by the Fire Board.

GOVERNMENTAL FUNDS

These funds are those through which most governmental functions typically are financed.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

GOVERNMENTAL FUNDS (Continued)

The acquisition, use, and balances of the Fire Board's expendable financial resources and the related current liabilities are accounted for through the Governmental Funds. These funds are as follows:

*General Fund*

This fund is used for all financial transactions not accounted for in another fund, including the general operating expenditures of the local unit.

Revenues are derived primarily from assessments from the participating municipalities.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (CONTINUED)

GOVERNMENT-WIDE AND FUND FINANCIAL  
STATEMENTS (Continued)

GOVERNMENTAL FUNDS (Continued)

*Debt Service Funds*

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

MEASUREMENT FOCUS

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Operating statements of the governmental funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statement of net assets and statement of activities are accounted for on a flow of economic resources measurement focus.

With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the statement of net assets.

The statement of net assets and statement of activities are presented on the accrual basis of accounting.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

The fund financial statements of the General and Debt Service funds are maintained and reported on the modified basis of accounting using the current financial resources measurement focus. Under this method of accounting, revenues are recognized in the period in which they become measurable and available. Interest income is recorded as earned. Federal and State reimbursement-type grants revenue is considered to be measurable and available as revenue when related eligible expenditures are incurred.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

MEASUREMENT FOCUS (Continued)

Expenditures, other than accrued interest and long-term debt, are recorded when the fund liability is incurred.

The local government unit applies all GASB pronouncements as well as the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed for accountability purposes only.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

ENCUMBRANCES

It is the Fire Board's policy to honor all unfilled contracts/orders at year-end, but the authority to complete these transactions is provided by the new year's budget appropriations, as unexpended appropriations of the current year lapse at year-end.

CASH AND CASH EQUIVALENTS

The Fire Board pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

The Fire Board classifies cash on hand, cash on deposit (including certificates of deposit), and highly liquid investments with an original maturity of ninety days or less when purchased as cash in its financial statements.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

INVENTORIES

Inventories of supplies are expended as received.

RECEIVABLES

Accounts which will be collected within sixty days of year-end are accrued as accounts receivable in the General Fund. On an annual basis the charges are reviewed for collectibility.

INTEREST RECEIVABLE

Interest on certificates of deposit is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.



**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**DUE TO/FROM OTHER FUNDS**

Transactions between funds that had not been paid or received as of fiscal year-end have been recorded as interfund accounts receivable and payable in the financial statements. These interfund receivables and payables do not represent Board-approved loans between funds.

**DEFERRED REVENUE**

Deferred revenue represents amounts under the modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not been met, whereby such amounts are measurable but not considered currently available resources.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**FUND EQUITY**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances represent the amount that has been legally identified for specific purposes. Designated fund balances represent amounts earmarked by the Fire Board for future expenditures.

**BUDGETS AND BUDGETARY ACCOUNTING**

The Fire Board follows the State of Michigan Uniform Budgeting and Accounting Act for budgeting procedures. Budgets are adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

BUDGETS AND BUDGETARY ACCOUNTING  
(Continued)

Unexpended appropriations lapse at fiscal year-end.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31 of the preceding fiscal year, the Fire Board prepares a budget for the next fiscal year beginning April 01. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Fire Board is then called for the purpose of adopting the proposed budget after sufficient public notice of the meeting has been given.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**BUDGETS AND BUDGETARY ACCOUNTING  
(Continued)**

3. Prior to April 01, the budget is legally enacted through passage of a resolution by the members of the Fire Board.

Once the budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Fire Board. Amendments are presented to the Fire Board at their regular meetings. Each amendment must have Fire Board approval.

**NON-MONETARY TRANSACTIONS**

The Single Audit Act of 1984, as amended, and OMB Circular A-133 defines federal financial assistance to include both monetary and non-monetary forms of assistance provided by or passed down from a federal agency, such as grants, contracts, loans, loan guarantees, property, etc.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS

Capital outlays are recorded as expenditures of the General Fund and as assets in the governmental-wide statements to the extent the Fire Board's threshold of \$ 500 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings ..... 20 - 30 years

Infrastructure ..... 10 - 65 years

Furniture and Other

Equipment ..... 5 - 20 years

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BASIS OF PRESENTATION (Continued)

CAPITAL ASSETS (Continued)

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

COMPENSATED ABSENCES

There are no compensated absences to be reported.

POST EMPLOYMENT BENEFITS

There are no post employment benefits for the West Iron County Fire Board.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**BASIS OF PRESENTATION (Continued)**

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE B - INTERFUND ACTIVITIES**

**INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables do not represent interfund borrowings; instead, they represent actual amounts which are pending between funds at year-end due to the timing of cash flows. Generally, these amounts clear shortly after year-end when resources become available.

On March 31, 2004, the Fire Board had no interfund receivables/payable.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE B - INTERFUND ACTIVITIES (CONTINUED)

OPERATING TRANSFERS

Interfund transfers are the result of legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended.

During the fiscal year ended March 31, 2004, the Fire Board authorized the following transfer:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$ 24000
Debt Service	<u>24000</u>	<u>0</u>
Total Operating Transfers	\$ <u>24000</u>	\$ <u>24000</u>



**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

**MARCH 31, 2004**

**NOTE B - INTERFUND ACTIVITIES (CONTINUED)**

**OTHER FINANCING SOURCES (USES)**

The transfers of cash between the various Fire Board's funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

**NOTE C - CASH, DEPOSITS, AND INVESTMENTS**

**PRIMARY GOVERNMENT**

On March 31, 2004, the carrying value of the Fire Board's deposits (Primary Government) was \$ 82,172 and is comprised of cash and deposits reflected in the following funds:

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

PRIMARY GOVERNMENT (Continued)

<u>Governmental Funds</u>	
General Fund	\$ <u>82172</u>
<b>Total Governmental Funds</b>	<b>\$ 82172</b>

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the local unit's cash deposits classifies cash according to three levels of risk.

The three levels of risk are as follows:

Category 1	Deposits which are insured or collateralized with securities held by the Fire Board or by its agent in the Fire Board's name.
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WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

Category 2            Deposits which are  
                         collateralized with  
                         securities held by the  
                         pledging financial  
                         institution's trust  
                         department or agent  
                         in the Fire Board's  
                         name.

Category 3            Deposits which are not  
                         collateralized or  
                         insured.

Based on these levels of risk, the  
Fire Board's cash deposits (Primary  
Government) are classified as follows:

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

SCHEDULE OF CASH AND DEPOSITS

PRIMARY GOVERNMENT

	Category 1	Category 2	Category 3	Total
Cash and Deposits	\$ 82172	\$ -0-	\$ -0-	\$ 82172

COMPONENT UNITS

On March 31, 2004, the carrying value of the Component Unit's deposits was \$ 25,743.

Based on the levels of risk, the Component Unit's cash and deposits are classified as follows:

	Category 1	Category 2	Category 3	Total
Cash and Deposits	\$ 25739	\$ -0-	\$ 4	\$ 25743

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS

The Fire Board's investments are categorized below to give an indication of the level of risk assumed at year-end. **Category 1** includes investments that are insured or registered or for which the securities are held by the Fire Board or its agent in the Fire Board's name. **Category 2** includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's safekeeping department or agent in the Fire Board's name. **Category 3** includes uninsured and registered investments for which the securities are held by the broker or dealer, or by its safekeeping department or agent, but not in the Fire Board's name.

Neither the Fire Board nor the Component Units have investments, as reflected below:

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

INVESTMENTS (Continued)

<u>Investment Type</u>	<u>Category</u> <u>1</u>	<u>Category</u> <u>2</u>	<u>Category</u> <u>3</u>	<u>Carrying</u> <u>Value</u>	<u>Market</u> <u>Value</u>
	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Total Investments	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

STATUTORY AUTHORITY

Act 196, PA 1997, authorizes the Fire Board  
to deposit and invest in:

1. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

2. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution eligible to be a depository of funds belonging to the State of Michigan under a law or rule of this state or the United States.
3. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
4. Repurchase agreements consisting of instruments issued by the United States or an agency or instrumentality of the United States.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE C - CASH, DEPOSITS, AND INVESTMENTS (CONTINUED)

STATUTORY AUTHORITY (Continued)

5. Bankers acceptances of United States banks.
6. Obligations of the State of Michigan or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
7. Mutual funds registered under the Investment Act of 1950 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

The Fire Board has adopted an investment policy, allowing for all types of deposits and investments listed above. The Fire Board's deposits and investments are in compliance with it's investment policy.



**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE D - PENSION PLAN**

The Fire board does not maintain a pension plan.

**NOTE E - EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS**

**BUDGET VIOLATIONS**

P.A. 621 of 1978, SECTION 18 (1), as amended, provides a local unit shall not incur expenditures in excess of the amounts appropriated.

The West Iron County Fire Board's actual expenditures and budgeted expenditures for the funds budgeted have been shown on an activity basis. The approved budgets of the West Iron County Fire Board were adopted at the activity level. The budget is prepared on the modified accrual basis of accounting, which is the same basis as the financial statements.

The total actual 2003-2004 expenditures did not exceed the amended budget allocations.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE F - ACCUMULATED FUND DEFICITS**

At March 31, 2004, the Fire Board had no fund balance/retained earnings deficit in any fund.

**NOTE G - RISK MANAGEMENT**

The Fire Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Fire Board maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Fire Board.

**NOTE H - CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended March 31, 2004:

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE H - CAPITAL ASSETS (CONTINUED)**

**GOVERNMENTAL ACTIVITIES**

	Balance March 31, 2003	<u>Increases</u>	<u>Decreases</u>	Balance March 31, 2004
<u>Capital Assets Not Being Depreciated</u>				
Land and Land Improvements	\$ 2500	\$ 0	\$ 0	\$ 2500
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 2500</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 2500</b>
<u>Other Capital Assets</u>				
Buildings	240000	0	0	240000
Furniture & Other Equip.	319851	47305	0	367156
<b>Total Other Cap. Assets</b>	<b>\$ 559851</b>	<b>\$ 47305</b>	<b>\$ 0</b>	<b>\$ 607156</b>
<u>Less Accumulated Depreciation for:</u>				
Buildings	(45600)	(4800)	0	(50400)
Furniture & Other Equip.	(168307)	(20831)	0	(189138)
<b>Total Accum. Depreciation</b>	<b>(213907)</b>	<b>(25631)</b>	<b>0</b>	<b>(239538)</b>
Other Capital Assets, Net	345944	21674	0	367618
<b>TOTALS</b>	<b>\$ 348444</b>	<b>\$ 21674</b>	<b>\$ 0</b>	<b>\$ 370118</b>

Depreciation was charged to governmental functions as unallocated.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

MARCH 31, 2004

**NOTE I - LONG-TERM DEBT**

The following is a summary of changes of the primary government's long-term debt obligation on March 31, 2004.

**GOVERNMENTAL ACTIVITIES**

<u>NOTE PAYABLE</u>	<u>4/01/03</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>3/31/04</u>
Wells Fargo Bank #0003-4	\$ <u>43249</u>	\$ <u>-0-</u>	\$ <u>22497</u>	\$ <u>20752</u>
Total Long-Term Debt Account Group	\$ <u>43249</u>	\$ <u>-0-</u>	\$ <u>22497</u>	\$ <u>20752</u>

**NOTE PAYABLE - WELLS FARGO BANK FIRE TRUCK  
LOAN #0003-4**

In September, 2002, the West Iron County Fire Board borrowed \$ 53,897 from the Wells Fargo Bank, Iron River, Michigan, at 4.47% for the purpose of financing a new fire truck. The loan is payable in monthly installments of \$ 993.21 over a five (5) year period.

WEST IRON COUNTY FIRE BOARD

NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)

MARCH 31, 2004

NOTE J - RELATED PARTY TRANSACTIONS

Related parties exist when there is a relationship that offers potential for transactions at less than arm's length, favorable treatment, or the ability to influence the outcome of events differently from that which might result in the absence of that relationship.

Financial statements must include disclosure of material related party transactions, other than compensation arrangements, expense allowances and similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of combined financial statements is not required in those statements.

On this basis, there are no related party transactions reported in the financial statements.

**WEST IRON COUNTY FIRE BOARD**

**NOTES TO THE FINANCIAL STATEMENTS  
(CONTINUED)**

*MARCH 31, 2004*

**NOTE K - SUBSEQUENT EVENTS**

Subsequent events have a material effect on the financial statements which requires adjustment or disclosure. They relate to events that provide additional evidence with respect to conditions that existed at the date of the balance sheet and events that provide evidence with respect to conditions that did not exist at the date of the balance sheet but arose subsequent to that date.

At fiscal year ended March 31, 2004, there were no subsequent events that would have a significant affect on the Fire Board's operations.

**NOTE L - COMMITMENTS AND CONTINGENCIES**

There are no commitments or contingencies to be reported for the **West Iron County Fire Board** for the fiscal year ended March 31, 2004.

**REQUIRED SUPPLEMENTARY INFORMATION**

**WEST IRON COUNTY FIRE BOARD**

**REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

YEAR ENDED MARCH 31, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>
<b><u>REVENUE</u></b>			
Local Unit Assessments	\$ 76000	\$ 76000	\$ 76000
Fire Service Revenue	9000	12000	15407
Use of money and property	3000	3000	3219
Other revenue	10000	10000	1673
Intergovernmental		<u>45000</u>	<u>44046</u>
<b>TOTAL REVENUE</b>	<b>98000</b>	<b>146000</b>	<b>140345</b>
<b><u>EXPENDITURES</u></b>			
Administration	9000	9275	9154
Public Safety			
Fire Protection	20750	23650	23524
Equipment	1500	2325	2284
Fire Hall	8000	10100	10060
Other Expenses	17750	18900	18711
Capital Outlay	<u>17000</u>	<u>63650</u>	<u>47305</u>
<b>TOTAL EXPENDITURES</b>	<b>74000</b>	<b>127900</b>	<b>111038</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>			
Operating transfers in	0	0	0
Operating transfers out	(24000)	(24000)	(24000)
Transfers to component units	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(24000)</b>	<b>(24000)</b>	<b>(24000)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>0</b>	<b>(5900)</b>	<b>5307</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b><u>86937</u></b>	<b><u>86937</u></b>	<b><u>86937</u></b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ <u>86937</u></b>	<b>\$ <u>81037</u></b>	<b>\$ <u>92244</u></b>

The notes to the financial statements are an integral part of this report.



WEST IRON COUNTY FIRE BOARD
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REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE - DEBT SERVICE FUND

YEAR ENDED MARCH 31, 2004

	<u>ORIGINAL BUDGET</u>	<u>FINAL AMENDED BUDGET</u>	<u>ACTUAL</u>
<u>REVENUE</u>			
	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
TOTAL REVENUE	0	0	0
<u>EXPENDITURES</u>			
Debt Service			
Principal	22497	22497	22497
Interest	<u>1503</u>	<u>1503</u>	<u>1503</u>
TOTAL EXPENDITURES	24000	24000	24000
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in	24000	24000	24000
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OTHER FINANCING SOURCES (USES)	24000	24000	24000
NET CHANGE IN FUND BALANCE	0	0	0
FUND BALANCE - BEGINNING OF YEAR	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE - END OF YEAR	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>

The notes to the financial statements are an integral part of this report.

**OTHER SUPPLEMENTARY INFORMATION**

<b>WEST IRON COUNTY FIRE BOARD</b>
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**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES**

*FISCAL YEAR ENDED MARCH 31, 2004*

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>(Memorandum Only)</u>
<b><u>REVENUES</u></b>			
Assessments	\$ 76000	\$	\$ 76000
Donations	0		0
Interest	3219		3219
Other	17080		17080
Grants	<u>44046</u>		<u>44046</u>
<b>TOTAL REVENUES</b>	<b>140345</b>	<b>0</b>	<b>140345</b>
<b><u>EXPENDITURES</u></b>			
Legislative	9154		9154
Public Safety	54579		54579
Capital Outlay	47305		47305
Debt Services	<u>0</u>	<u>24000</u>	<u>24000</u>
<b>TOTAL EXPENDITURES</b>	<b><u>111038</u></b>	<b><u>24000</u></b>	<b><u>135038</u></b>
Excess of Revenues Over (Under) Expenditures	29307	(24000)	5307
<u>Other Financing Sources (Uses)</u>			
Transfers In (Out)	(24000)	24000	0
Loan Proceeds	<u>0</u>		<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<b><u>(24000)</u></b>	<b><u>24000</u></b>	<b><u>0</u></b>
Excess of Revenues and Other Sources Over (Under) Expenditures	5307	-0-	5307
FUND BALANCE, APRIL 1	<u>86937</u>	<u>-0-</u>	<u>86937</u>
FUND BALANCE, MARCH 31	<b>\$ <u>92244</u></b>	<b>\$ <u>-0-</u></b>	<b>\$ <u>92244</u></b>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD
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## BALANCE SHEET - GENERAL FUND

MARCH 31, 2004

**ASSETS**

Cash and Deposits	\$	82172
Land		0
Machinery and Equipment		0
Accounts Receivable		10072
Amount to be provided for Payment of Long-Term Debt		<u>0</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>92244</u></b>
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**LIABILITIES AND FUND EQUITY****LIABILITIES**

Accounts payable		0
Note Payable		<u>0</u>
<b>Total Liabilities</b>		<b>0</b>

**FUND EQUITY**

Investment in General Fixed Assets		0
Fund Balance		
Unreserved		92244
Reserved		<u>0</u>

<b>Total Fund Equity</b>		<b>92244</b>
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<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$</b>	<b><u>92244</u></b>
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The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY FIRE BOARD</b>
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**STATEMENT OF REVENUE - ACTUAL AND BUDGET  
GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2004*  
(With Comparable Totals for Fiscal Year Ended March 31, 2003)

	<b>FISCAL YEAR ENDED MARCH 31, 2004</b>			<b>FISCAL</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>	<b>YEAR ENDED 3/31/03</b>
<b><u>LOCAL SOURCES</u></b>				
<b><u>Assessments</u></b>				
Bates Township	\$ 19000	\$	\$	\$ 19000
City of Iron River	19000			19000
Stambaugh Township	19000			19000
Iron River Township	19000			19000
Total Assessments	76000	76000	0	76000
 Interest	3219	3000	219	2662
Donations	0	0	0	25000
 <b><u>Other</u></b>				
Fire Services	15407	12000	3407	13013
Miscellaneous	1673	10000	(8327)	2476
Total Other	17080	22000	(4920)	15489
 <b><u>Federal Sources</u></b>				
Grants	44046	45000	(954)	6807
 <b>TOTAL REVENUE</b>	<b>\$ 140345</b>	<b>\$ 146000</b>	<b>\$ (5655)</b>	<b>\$ 125958</b>

The notes to the financial statements are an integral part of this report.

**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET  
GENERAL FUND**

*FISCAL YEAR ENDED MARCH 31, 2004*  
(With Comparable Totals for Fiscal Year Ended March 31, 2003)

	<u>FISCAL YEAR ENDED MARCH 31, 2004</u>			<u>FISCAL</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>	<u>YEAR</u> <u>ENDED</u> <u>3/31/03</u>
<b><u>LEGISLATIVE</u></b>				
Meetings and Stipends	\$ 6786	\$	\$	\$ 5040
Office Supplies	645			630
Legal and Audit	<u>1723</u>	<u></u>	<u></u>	<u>1287</u>
<b>TOTAL LEGISLATIVE</b>	<b>9154</b>	<b>9275</b>	<b>121</b>	<b>6957</b>
 <b><u>PUBLIC SAFETY</u></b>				
<b><u>Fire Protection</u></b>				
Contract Services	15804			19149
Stand-by Fees	1000			750
Supplies	<u>6720</u>	<u></u>	<u></u>	<u>5505</u>
<b>Total Fire Protection</b>	<b>23524</b>	<b>23650</b>	<b>126</b>	<b>25404</b>
 <b><u>Equipment</u></b>				
Maintenance	1669			514
Fuel	<u>615</u>	<u></u>	<u></u>	<u>638</u>
<b>Total Equipment</b>	<b>2284</b>	<b>2325</b>	<b>41</b>	<b>1152</b>
 <b><u>Fire Hall</u></b>				
Maintenance	1852			1594
Utilities	<u>8208</u>	<u></u>	<u></u>	<u>6713</u>
<b>Total Fire Hall</b>	<b>10060</b>	<b>10100</b>	<b>40</b>	<b>8307</b>
 <b><u>Other</u></b>				
Insurance	15627			13719
Dues/Donations	2525			2040
Miscellaneous	<u>559</u>	<u></u>	<u></u>	<u>2579</u>
<b>Total Other</b>	<b>18711</b>	<b>18900</b>	<b>189</b>	<b>18338</b>
 <b>TOTAL PUBLIC SAFETY</b>	<b>\$ 54579</b>	<b>\$ 54975</b>	<b>\$ 396</b>	<b>\$ 53201</b>

The notes to the financial statements are an integral part of this report.

<b>WEST IRON COUNTY FIRE BOARD</b>
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**STATEMENT OF EXPENDITURES - ACTUAL AND BUDGET  
GENERAL FUND  
(CONTINUED)**

*FISCAL YEAR ENDED MARCH 31, 2004*  
(With Comparable Totals for Fiscal Year Ended March 31, 2003)

	<b>FISCAL YEAR ENDED MARCH 31, 2004</b>			<b>FISCAL YEAR ENDED 3/31/03</b>
	<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>	
<b><u>CAPITAL OUTLAY</u></b>				
Equipment	\$ 47305	\$ _____	\$ _____	\$ 141647
<b>TOTAL CAPITAL OUTLAY</b>	<b>47305</b>	<b>63650</b>	<b>16345</b>	<b>141647</b>
<b>TOTAL EXPENDITURES</b>	<b>111038</b>	<b>127900</b>	<b>16862</b>	<b>201805</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer Out	(24000)	(24000)	0	(56350)
Loan Proceeds	0	0	0	53897
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(24000)</b>	<b>(24000)</b>	<b>0</b>	<b>(2453)</b>
<b>TOTAL OTHER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 135038</b>	<b>\$ 151900</b>	<b>\$ 16862</b>	<b>\$ 204258</b>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY FIRE BOARD
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## BALANCE SHEET - DEBT SERVICE FUND

MARCH 31, 2004

<u>ASSETS</u>	\$	<u>-0-</u>
TOTAL ASSETS	\$	<u><u>-0-</u></u>
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		<u>-0-</u>
Total Liabilities		-0-
<u>FUND EQUITY</u>		<u>-0-</u>
Total Fund Equity		-0-
TOTAL LIABILITIES AND FUND EQUITY	\$	<u><u>-0-</u></u>

The notes to the financial statements are an integral part of this report.



**WEST IRON COUNTY FIRE BOARD**

**STATEMENT OF EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
DEBT SERVICE FUND**

*FISCAL YEAR ENDED MARCH 31, 2004*  
(With Comparable Totals for Fiscal Year Ended March 31, 2003)

	<u>FISCAL YEAR ENDED MARCH 31, 2004</u>			<u>FISCAL</u>
			<u>VARIANCE</u>	<u>YEAR</u>
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>FAVORABLE</u>	<u>ENDED</u>
			<u>(UNFAVORABLE)</u>	<u>3/31/03</u>
<u>REVENUES</u>	\$ -0-	\$ -0-	\$ -0-	\$ -0-
<u>EXPENDITURES</u>				
Long-Term Debt				
Principal	22497			54177
Interest	<u>1503</u>	<u>          </u>	<u>          </u>	<u>2173</u>
<b>TOTAL EXPENDITURES</b>	<b>24000</b>	<b>24000</b>	<b>0</b>	<b>56350</b>
Excess of Revenues Over (Under) Expenditures	(24000)	(24000)	0	(56350)
<u>OTHER FINANCING USES</u>				
Transfer In (Out)	<u>24000</u>	<u>24000</u>	<u>0</u>	<u>56350</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-0-	-0-	-0-	-0-
FUND BALANCE, APRIL 1	-0-			-0-
FUND BALANCE, MARCH 31	\$ <u>-0-</u>			\$ <u>-0-</u>

The notes to the financial statements are an integral part of this report.

WEST IRON COUNTY VOLUNTEER FIRE DEPARTMENT
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STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
DISCRETELY PRESENTED COMPONENT UNIT

FISCAL YEAR ENDED DECEMBER 31, 2003

**REVENUES**

Fund Raising	\$ 25900
Contract Services	15804
Interest	379
Donations	<u>60</u>
<b>TOTAL REVENUES</b>	<b>\$ 42143</b>

**EXPENDITURES**

Legislative

Advertising	160
Memberships, Dues and Donations	1596
License and Fees	160
Other	<u>249</u>

**Total Legislative** **2165**

Fund Raising

Special Events	<u>14957</u>
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**Total Fund Raising** **14957**

Public Safety

Fire Fighting

Contract Services	16272
Supplies	<u>5232</u>

**Total Public Safety** **21504**

**TOTAL EXPENDITURES** **38626**

Excess of Revenues Over (Under)

Expenditures	3517
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Fund Balance, January 1	<u>22226</u>
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Fund Balance, December 31	<b>\$ <u>25743</u></b>
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The notes to the financial statements are an integral part of this report.

**INDEPENDENT AUDITOR'S REPORT  
ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING**

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
**West Iron County Fire Board**  
Iron River, Michigan 49935

We have audited the financial statements of the governmental activities and each major fund as of and for the year ended March 31, 2004, which collectively comprise the **West Iron County Fire Board's** financial statements, and have issued our report thereon dated June 23, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

## Compliance

As part of obtaining reasonable assurance about whether the **West Iron County Fire Board's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## Internal Control Over Financial Reporting

In planning and performing our audit, we considered the **West Iron County Fire Board's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no such matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board, administration, and federal awarding agencies and pass-through entities, and it is not intended to be, and should not be, used by anyone other than these specified parties.



Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.

June 23, 2004

# ***DS Rostagno, CPA, P.C.***

***101 West Maple Street, Iron River, MI 49935  
Tel (906) 265-1040 Fax (906) 265-1042***

June 23, 2004

Governing Board  
**West Iron County Fire Board**  
P.O. Box 203  
Iron River, MI 49935

I have audited the general purpose financial statements of the **West Iron County Fire Board** for the year ended March 31, 2004, and have issued my report thereon dated June 23, 2004. Professional standards require that I provide you with the following information related to the audit:

## **My Responsibility under Generally Accepted Auditing Standards and Government Auditing Standards**

As stated in my engagement letter dated May 04, 2004, my responsibility, as described by professional standards, is to plan and perform the audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because an audit is designed to provide reasonable, but not absolute assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

As part of the audit, I considered the internal control of the **West Iron County Fire Board**. Such considerations were solely for the purpose of determining the audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of the **West Iron County Fire Board's** compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my tests was not to provide an opinion on compliance with such provisions.

## **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of my engagement letter, I will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the **West Iron County Fire Board** are described in the Note to the general purpose financial statements. With the exception of the implementation of GASB 34, there were no new accounting policies adopted and the application of existing policies was not changed during this year. We noted no transactions entered into by the **West Iron County Fire Board** during the year that were both significant and unusual, and of which, under professional standards, I am required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

### Accounting Estimates

Accounting estimates are an integral part of the general purpose financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the general purpose financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

There were no sensitive estimates affecting the financial statements as presented.

### Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the general purpose financial statements that, in my judgment, may not have been detected except through my auditing procedures. These adjustments may include those proposed by me but not recorded by the **West Iron County Fire Board** that could potentially cause future financial statements to be materially misstated, even though I have concluded that such adjustments are not material to the current financial statements. I proposed no audit adjustments that could, in my judgment, either individually or in the aggregate, have a significant effect on the **West Iron County Fire Board's** financial reporting process.

### Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to my satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the general purpose financial statements or the auditor's report. I am pleased to report that no such disagreements arose during the course of the audit.

### Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, my professional standards require the consulting accountant to check with me to determine that the consultant has all the relevant facts. To my knowledge, there were no such consultations with other accountants.

Page Three

**Issues Discussed Prior to Retention of Independent Auditors**

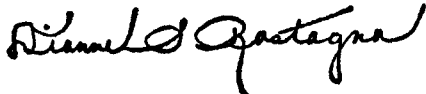
I generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the **West Iron County Fire Board's** auditor. However, these discussions occurred in the normal course of my professional relationship and my responses were not a condition to my retention.

**Difficulties Encountered in Performing the Audit**

I encountered no significant difficulties in dealing with management in performing the audit.

This information is intended solely for the use of the Board and management of the **West Iron County Fire Board** and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Dianne S. Rostagno".

Dianne S. Rostagno  
DS ROSTAGNO, CPA, P.C.